EXIT AUDIT
RICHARD V. BIGGS
DECEMBER 2000

December 2000

The County Council and County Executive
of Howard County, Maryland

Pursuant to Section 213 of the Howard County Charter we have conducted an

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and our report is submitted herewith. The charter requires the County Auditor to perform an audit upon the "...death, resignation, removal or expiration of term of any County administrative officer." This audit was initiated because of the resignation of Richard V. Biggs, as Director of The Department of Technology and Communication Services effective September 30, 2000.

Our review indicated that the assets relating to and under the control of Mr. Biggs have been adequately accounted for in accordance with County requirements. During our review, we noted some of the County's resignation procedures were not properly followed and offered several recommendations to improve procedures when an employee separates from County employment. Additionally, we found Mr. Biggs was overpaid in his final pay due to several errors and recommended that he reimburse the County for the overpayment.

The Administration will be responsible for distributing a copy of this report to Mr. Biggs and arranging for implementation of any recommendations. We wish to express our gratitude to the staffs of the Chief Administrative Officer, the Office of Human Resources, the Office of Purchasing, and the Department of Finance for their cooperation and assistance extended to us during the course of this engagement.

Ronald S. Weinstein, C.P.A.
County Auditor

Keith Zumbrun, C.I.S.A.
Auditor-in-Charge

INTRODUCTION AND SCOPE OF EXAMINATION

______In accordance with Section 213 of the Howard County Charter, the County Auditor is required to perform an audit upon the " death, resignation, removal or expiration of term of any County administrative officer." Mr. Richard Biggs resigned as the Director of the Department of Technology and Communication Services effective September 30, 2000. Accordingly, we have performed an audit of the records of the Department of Technology and Communication Services for the period of July 1, 2000 through September 29, 2000.

Our examination included various tests of the accounting records and other auditing procedures as we considered necessary in the circumstances. This primarily involved a review of travel advances, expense reimbursements, leave records, final pay, and the custody and return of County property.

FINDINGS AND RECOMMENDATIONS

Travel Advances and Expense Reimbursements:

We reviewed travel and expense reimbursements for Richard Biggs as of September 29th, 2000. No discrepancies or irregularities were found during this review.

Leave Records and Final Pay:

We examined the leave records of Mr. Biggs for the period 1/1/00 through 9/29/00. We found several errant items in our review of this area. Our first observation relates to Mr. Biggs leave computation. Executive Exempt Personnel Request for Leave of Absence form CA-30-892, is required to be submitted to the Chief Administrative Officer for approval before leave can be taken. Also, employees earn 24 hours of personal leave a year except when it is prorated in the employees first year of employment. In calendar year 2000, we found Mr. Biggs requested 36 hours of personal leave between 1/2/00 and 7/3/00. He subsequently used 32 hours of this leave, requiring an adjustment to his negative 8 hours of personal leave and to reduce the balance of his annual leave. Our examination of these records indicates the following errors occurred:

- Personal leave was over requested and approved by 12 hours (36-24)
- Only 24 hours was applied to the actual time sheet
- The time keeper applied an adjustment based on the overstated request in error and completed the Hours Adjustment (HA) form in error by decreasing further the personal leave balance and increasing the annual leave balance. Since the correct leave was charged on the time sheet, no adjustment was necessary.
- This adjustment caused personal leave balance to be negative by 8 hours and the annual leave balance to be overstated by 8 hours. Another HA form was completed to remove the negative 8 hours from personal leave, but the annual leave was not reduced.
- When Mr. Biggs was reimbursed for his accumulated annual leave it included this overstatement of 8 hours creating an over payment of $392.64 (8 hours x $49.08 hr/rate) to occur.

We also found that the automated leave records indicated that Mr. Biggs had accumulated 738.59 hours of annual leave at pay period ending 9/24/00. Since he terminated the next week, a manual adjustment had to be made to increase his leave earnings for that week. The Howard County Employee Manual, page 92, paid accrued leave, states that.. " Employees who do not work or receive paid annual, disability, personal and/or holiday leave for at least 50% of their standard during any pay period will not accrue annual or disability leave during that pay period.." Conversely, employees that do work 50% or more should receive the accrued leave. Mr. Biggs was given 6 hours of accrued leave for his last pay period in error. He should have received his normal 6.65 hours per pay period. We calculated that Mr. Biggs was under paid by $31.90 (.65 Hours x $49.08 hr/rate). This underpayment combined with the above over payment results in a $360.74 ($392.64-$31.90) due the county. We therefore recommend that:

1. ***Mr Biggs be requested to reimburse the County $360.74 for this overpayment.***

Our last observation is a general one applicable to the entire population on the Appointed Employee leave accrual scale (AP) for employees with six to ten years of service. The exempt employees benefits summary states that an employee in this bracket earns 20 days of leave a year. The ADP earnings system allows for earnings over 24 pay periods at 6.65 hours for each of those 24. This is less than the 160 hours by 4/10 of an hour. Since the hourly rate changes from year to year, it is difficult to assign a dollar loss to each employee, however, more importantly is that the underpayment occurs for each full year an employee in this pay scale and range is employed. It appears that the gap could be made closer to the 20 days by using an earnings rate of 6.66 or 6.67. Since the authority states a 20 day annual leave accrual is required in this bracket, we recommend that:

2 ***The rate of leave used to calculate the AP schedule in the six-ten year bracket be corrected to reflect the required days***.

Return of County Assets:

In our examination, we looked for evidence that Mr. Biggs had returned all materials which were county property or would have granted him access to County property. The Chief of the Bureau of Central Services, who is responsible for the issuance of keys, did not certify to the Human

Resources Administrator, as required, that all building access and automobile keys were returned. However, we did determine through the Acting Director of the Department of Technology and Communication Services that all items were returned. We obtained a copy of the certification from purchasing that assets were accounted for and that the PDQ card was destroyed. In addition, we verified that Mr. Biggs returned his Identification Card. The need for Central Services to follow policy # 300.52 has been mentioned in recent reports. In addition, we believe that evidence of the return of the PDQ card should be specifically ascertained in Purchasing documentation due to the risk associated with unauthorized use of the card. Lastly, we checked with Human Resources to determine if any Spending accounts were open and were told that they were not. The need for this benefit to be examined before the issuance of the final pay should be required to advance the county's chances of collection if money is owed. We therefore recommend that:

3. ***Central Services be reminded of Policy # 300.52 and that Human Resources follow up to make sure they comply, and,***

4. ***That the PDQ card return be identified individually on the purchasing checklist for return of an exiting employee, and,***

5. ***That the Office of Human Resources include a determination if Spending accounts are open and if money is owed by an exiting employee before their final check is released.***

Lastly, section II C. of Policy #300.52 also requires the Executive Exempt Employee to file a final financial disclosure statement pursuant to section 22.205 (d) (2) of the Howard County Code. Our examination of the file did not contain this required document. This has been an issue in previous exit audit reports and we feel that Human Resources is aware of the need to make certain all the required items are completed before the final check is issued. We again recommendation that.

6. ***The Office of Human Resources require a final financial disclosure statement be prepared by departing Executive Exempt Employees***

Expenditures and Encumbrances:

A schedule of Expenditures vs. Budget for the Department of Technology and Communication Services for Fiscal Year 2001 through October 16, 2000 is presented in **Schedule 1** of this report.

This review was made to determine if any over expenditures occurred in Mr. Biggs area of responsibility. We found no over expenditures and extrapolation indicates that expenditures are reasonable at this point in time.

We also looked at PDQ statements and found the Mr. Biggs had not charged anything within the last 3 months. We also examined statements of other employees under his supervision. While we found no expenditures that were unreasonable, we found several statements that were only authorized by the same person who was assigned the card. This represents a weakness in Internal Control and the review of the statement should be signed by not only the user, but the users supervisor. This is current County policy. We therefore recommend that:

7. ***Review of the PDQ statements be signed by the supervisor of the user to strengthen internal controls over PDQ usage.***

KZ:dl resbiggs